

Contracts and Purchases:

Understanding your right to cancel

Many Hoosiers mistakenly believe that they can legally cancel contracts or purchase decisions as long as they do it within three days of making an agreement. In most cases, that's simply incorrect. Under Indiana law, a sale is usually considered final immediately. However, occasionally there are exceptions.

CANCELING A CONTRACT OR PURCHASE

A contract can be cancelled if the merchant's return policy allows returns after the purchase date or if there is a law that provides consumers with a right to cancel the transaction. Indiana's consumer protection laws provide specific cancellation periods based on the type of transaction:

3-day cancellation period:

- Sales occurring in your home or away from a seller's permanent place of business
- Health spa contracts
- Credit repair contracts
- Timeshares and camping clubs

30-day cancellation period:

- Business opportunities, such as "work at home" jobs

YOU DO NOT NEED A REASON TO CANCEL

If you wish to cancel a contract that includes a right to cancel, you must cancel in the manner set forth in the notice of cancellation rights. An explanation of these rights should have been given to you at the time of the sale. Typically, you must notify the seller of your intent to cancel the transaction in writing, delivered either in person or by mail. Refer to the notice of cancellation rights in your contract for the proper way to cancel.

YOU CANNOT CANCEL BY TELEPHONE

Calling on the phone and telling the seller that you want to cancel is not legally binding on the seller, regardless of what the seller tells you.

IF YOU WANT TO CANCEL, THEN DO IT

When you attempt to cancel a purchase, the seller may try to convince you not to cancel. Unscrupulous sellers may even tell you they will give you more time to cancel to allow you more time to fully try out their product. Then, if you try to cancel at a later date, they may claim the time to cancel has passed. Any promises of an extended cancellation period should be obtained in writing!

WHAT TO DO WHEN YOU HAVE CANCELLED

- The seller must return any payment you made within 10 business days.
- You must return any merchandise obtained in the transaction, however, you do not have to return the merchandise at the time you give the seller your cancellation notice.

RESOURCES

The Consumer Protection Division of the Indiana Attorney General's Office works to safeguard the rights of Indiana citizens every day. If you have questions or complaints regarding contracts and purchases, or other appropriate consumer issues, contact the Attorney General's Consumer Protection Division using the address and phone number listed below, or visit www.IndianaConsumer.com for more information.